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Collaborative Business Intelligence

Three Steps Toward Superior Customer Responsiveness

February 2009

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Aberdeen Group
A Harte-Hanks Company

Executive Summary

This report, based on feedback from 227 end-user organizations worldwide, demonstrates that Best-in-Class companies have successfully merged Business Intelligence (BI) functionality with collaborative techniques in order to produce substantial improvements in customer responsiveness, employee productivity, and business process efficiency. By leveraging a culture of information and other key organizational capabilities, top performing companies were able to expand the use of analytical capability to more areas of the business and lay a strong foundation for collaborative activity. This elevated level of collaboration enabled Best-in-Class companies to tap into the experience and expertise residing in the minds of its workforce and greater ecosystem, ultimately enabling them to better understand themselves, their market, and their customers.

Best-in-Class Performance

Best-in-Class companies were distinguished by the following aggregated weighted average year-over-year performance:

- **44%** improvement in customer responsiveness
- **42%** improvement in employee productivity
- **30%** improvement in business process efficiency

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance are:

- **3.8-times more likely** than Laggards to have the ability to find and reuse reports
- **80% more likely** than the Industry Average to use performance reporting dashboards
- **More than twice as likely** as all other companies to measure the use and activity of collaborative tools

Required Actions

In order to achieve a superior level of customer responsiveness companies must take the following *three steps:*

- Make efforts to create a collaborative "information culture" (Pg. 15)
- Consider investing in performance reporting dashboards (Pg. 16)
- Develop a holistic strategy to leverage corporate wikis, blogs, and other collaborative methodologies (Pg. 17)

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Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"We spent too much time collecting and collating our data, and not enough time analyzing what it meant. Moving towards a collaborative BI approach has centralized responsibility for data management. The result has been increased quality of our data, and more importantly it has re-focused management attention to enable us to act on the intelligence gathered."

~ David Greene

Senior Manager - Commercial Analysis

Genzyme Corporation

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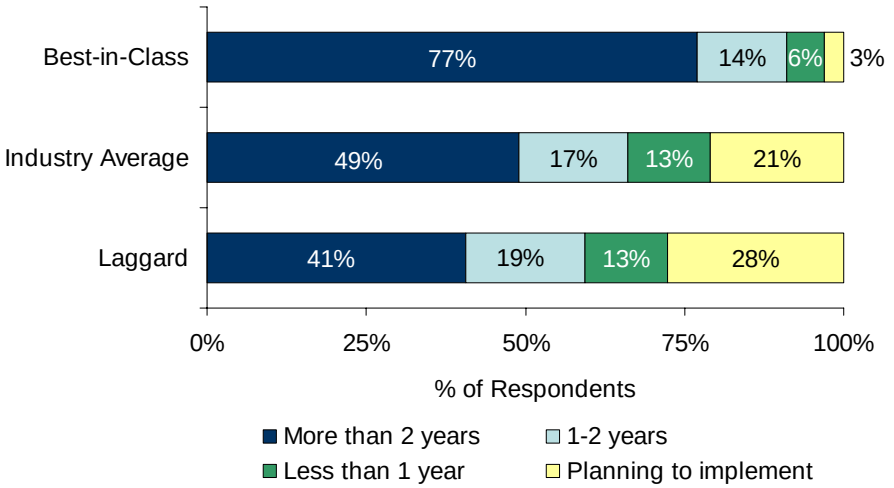
Chapter One: Benchmarking the Best-in-Class

Building a Collaborative Environment around BI

Properly implemented Business Intelligence (BI) tools are instrumental in promoting faster, more informed and accurate decision making. Historically, BI has been used in a relatively stove-piped manner. Typically, data is collected, analyzed, and delivered to just one individual or group for visibility into one area of the business. Recently, the application of BI has expanded in scope and has become relevant to more front line workers in the organization. This expansion has paved the way for a new collaborative style of analytics that fosters a mutual and simultaneous improvement in BI utilization and business visibility. In other words, as users collaborate on the analysis of critical business metrics and showcase the potential of BI, other non-technical users follow suit, ultimately leading to a much clearer picture of how the business is performing. In order to harness that full potential of a BI solution, Aberdeen's research findings suggest that it must be deployed collaboratively and with the input and insight residing in the minds of its key decision makers. Aberdeen's April 2008 report, *Financial Planning and Budgeting.*, validates this assertion in demonstrating that 42% of Best-in-Class companies were involving more decision makers in the budgeting process as a top strategic action.

As with most culturally related business initiatives, collaboration is not something that can be implemented and leveraged overnight. The research shows that companies that have been driving the most value to their organization through BI collaboration are the ones that have taken a long-term approach to cultivate collaborative methodologies (Figure 1).

Figure 1: Age of Collaborative BI Initiative



Source: Aberdeen Group, February 2009

Fast Facts

Over the past year, Best-in-Class companies experienced:

√ A **40% increase** in the number of employees with access to BI / analytical capability

Compared to:

√ A **15%** increase for the Industry Average

√ An **11%** increase for the Laggards

"We've used collaborative tools to improve productivity by getting information into the hands of people that need it. We use Wiki's to collect process knowledge from geographically dispersed subject matter experts thereby saving employees time. On the business intelligence side, we've deployed performance dashboards and scorecards to internal and external customers. This proactively alerts users to actions needed and allows them to easily drill into additional, critical information."

~ Dave Barry

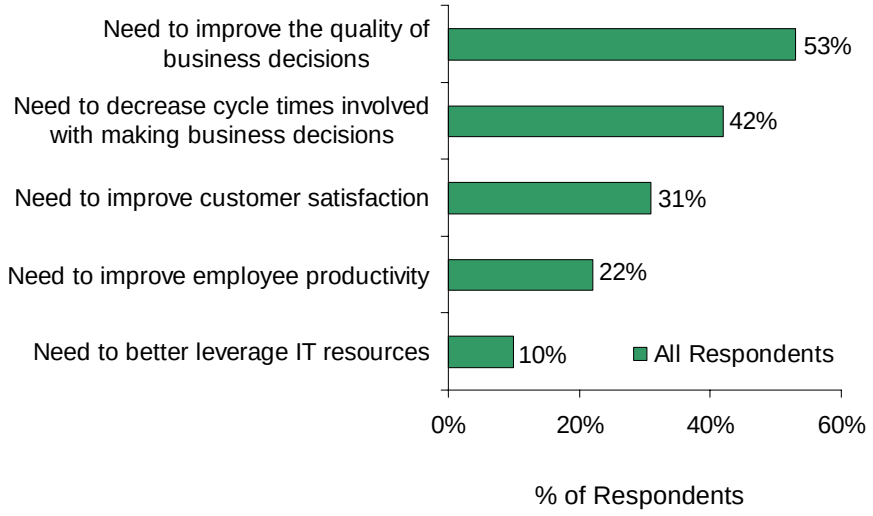
IT Leader: Business Intelligence

GE Capital Services

A truly collaborative organization is one that fosters open lines of communication between key stakeholders across various organizational functions as well as externally. BI enters the conversation when users want to see how different Key Performance Indicators (KPIs) can all map to the same common goals for the company, and how timely analysis of that information can promote better decisions. Aberdeen's October 2008 report, *Business Intelligence for the Small to Medium Sized Business (SMB)*, clarified the link between pervasiveness and performance. The data showed that Best-in-Class SMBs were more likely to deliver BI capabilities company-wide, and do so in a self-service capability, leading to a substantial improvement in employee productivity and ROI on BI investment.

If market volatility is the overarching trend compelling strategic initiatives, then the struggle to improve decision making is the specific business driver behind collaborative initiatives. Organizations these days are exploring ways to find more relevant information and deliver it to the right people within the organization within an advantageous timeframe, i.e. better decisions, faster. These two concepts are in fact what drive more organizations to focus efforts on analytical collaboration. Respondents were asked to select the top two pressures driving their initiatives and need for greater BI collaboration capabilities (Figure 2).

Figure 2: Top Drivers of BI Collaboration



Source: Aberdeen Group, February 2009

Better decision quality relates back to the pertinence of information. Whether implementing data cleansing methods, creating better procedural controls around information flow, or tapping into the mindshare of the entire company, organizations want and need collaboration in order to boost the relevance of their mass quantities of data. Hand-in-hand with information pertinence is information timeliness. Regardless of the case-by-case definition of "real-time" or "business-time," most business decision makers operate within a fleeting window of time in which a decision can

Fast Facts

Spreadsheet use:

√ Best-in-Class companies are **57% more likely** than Laggards to use spreadsheets "sparingly or not at all" for analytical purposes

√ Laggards are **18% more likely** than the Best-in-Class to use spreadsheets "extensively or exclusively" for analytical purposes

"In a marketplace where significant change occurs, our ability to make informed decisions quickly is paramount. We need to be more in tune with our customers and understand what their needs are to make decisions that will bring us the best return on our investment."

~ Customer Service Consultant

European IT Services Firm

positively affect business performance. Granting that perfect information is a mirage across the majority of the business world, companies are increasingly searching for ways to decrease the time between when relevant information is available and the point at which better informed decisions can be made. The concepts of information quality and timeliness are the most prevalent business pressures driving companies to implement a strategy around BI collaboration.

The Maturity Class Framework

Aberdeen used three year-over-year key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- **Customer responsiveness:** Weighted average improvement in customer responsiveness - measured as a decrease in response time to customer service requests
- **Business process efficiency:** Weighted average increase in process efficiency - measured as a reduction in the cycle times of key business processes
- **Employee productivity:** Weighted average increase in employee productivity - measured as a reduction in the time spent searching for information

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	▪ **44%** weighted average year-over-year improvement in customer responsiveness ▪ **30%** weighted average year-over-year increase in business process efficiency ▪ **42%** weighted average year-over-year improvement in employee productivity
Industry Average: Middle 50% of aggregate performance scorers	▪ **11%** weighted average year-over-year improvement in customer responsiveness ▪ **6%** weighted average year-over-year increase in business process efficiency ▪ **11%** weighted average year-over-year improvement in employee productivity
Laggard: Bottom 30% of aggregate performance scorers	▪ **2%** weighted average year-over-year *decline* in customer responsiveness ▪ **3%** weighted average year-over-year *decrease* in business process efficiency ▪ **6%** weighted average year-over-year *decline* in employee productivity

Source: Aberdeen Group, February 2009

Fast Facts

√ **83%** of Best-in-Class companies report that actionable information is refreshed daily or more often, compared to **55%** of all other companies

"CARFAX is an information company. Our continuing success is directly related to our ability to fully leverage business intelligence. In the last 12 months, we have made great strides in using our BI infrastructure to demonstrate the tangible value of CARFAX to our subscribers and partners. In a tough economy, emotional consumption decisions get usurped by cold rationality. In this environment, the CARFAX Vehicle History Report has a growing importance to the shrinking population of active vehicle shoppers. Our BI tools helped us discover and communicate the 10-times ROI of using CARFAX to stock good cars, build trust in the dealership, and improve inventory turnover."

~ Philip Moore

Director of Insights

CARFAX, Inc.

The Best-in-Class PACE Model

Using analytical collaboration to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that are summarized in Table 2.

Table 2: The Best-in-Class PACE Framework

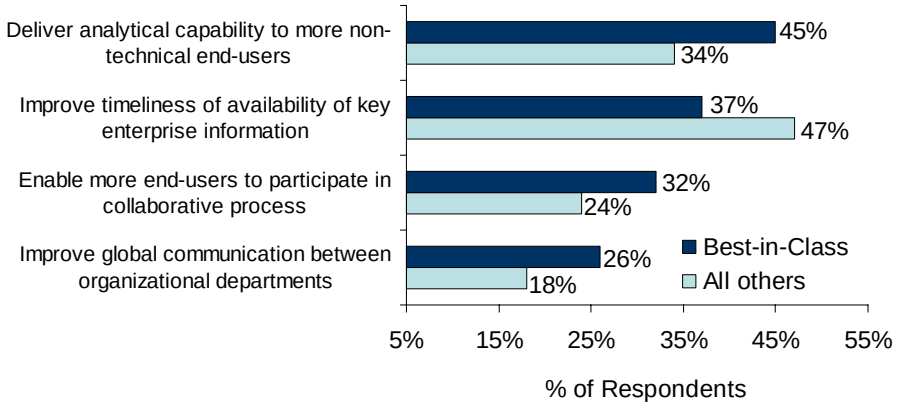
Pressures	Actions	Capabilities	Enablers
▪ Need to improve the quality of business decisions	▪ Deliver analytical capability to more non-technical end-users ▪ Improve timeliness of availability of key enterprise information	▪ Ability to trigger delivery of information to relevant collaborators ▪ Established 'information culture' that promotes collaboration ▪ Ability to comment within reports that are shared among users ▪ Ability to initiate collaborative processes through automated alert reporting ▪ Ability to measure time and efficiency gains resulting from collaboration	▪ Performance reporting dashboards ▪ Data warehouse software ▪ Balanced scorecards middleware solutions ▪ Email alerts ▪ Instant Messaging (IM) ▪ Company portals ▪ Wikis ▪ Blogs

Source: Aberdeen Group, February 2009

Best-in-Class Strategies

When it comes to collaborating around their analytical information, Best-in-Class companies are exhibiting a strong focus on several key areas that help them address the pressures listed in Figure 2. First and foremost, in order to achieve a collaborative atmosphere, a larger contingency in the organization must be familiar with analytical concepts and how to leverage business information to improve performance. The main strategic action for Best-in-Class companies is to get BI / analytical capability into the hands of more decision makers within the organization (Figure 3).

Figure 3: Top Strategic Actions for Best-in-Class Companies



Source: Aberdeen Group, February 2009

Fast Facts

√ **67%** of Best-in-Class companies report that they can make a decision based on actionable information within a day, compared to **41%** of all other companies

By the same token, companies are taking action to expand not just the use of BI, but collaboration specifically. The idea of increasing the adoption of collaboration relates back to the notion of organizational culture. By fostering an environment where knowledge sharing can flourish, Best-in-Class companies are in a position to include more decision makers and stakeholders in the process of collaboration, thus laying the foundation for the type of visibility necessary to produce measurable improvements in customer responsiveness and employee productivity.

"Introducing collaborative BI has the same challenges as introducing any new technology. You have to focus on managing the people side of the implementation through four things: clarity of direction; cohesion of management; comprehensive change; and communications. The bottom line is that collaborative BI just makes sense as experience has shown two things: two heads are always better than one; and there are always two sides to any story. BI systems provide indicators of performance and collaboration fleshes out the story and makes accountability for performance more realistic."

~ John Thomas

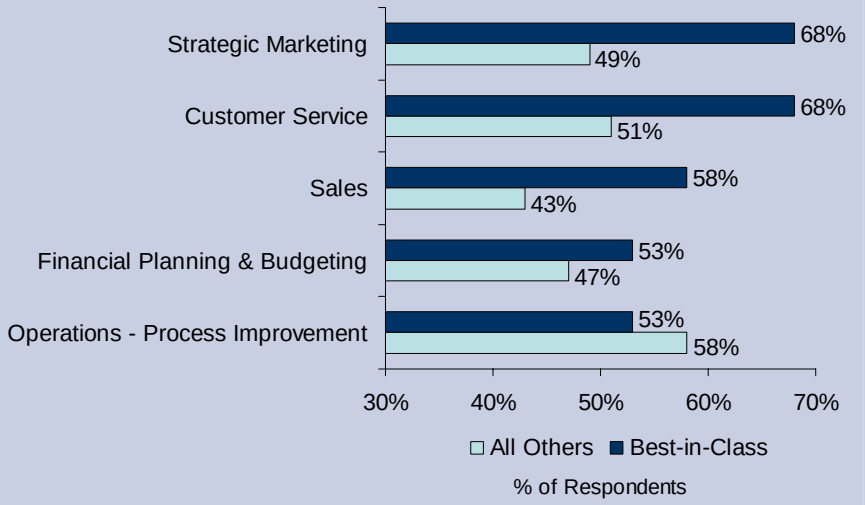
President

JFT Management Consulting

Aberdeen Insights — Strategy

Not every area of a business is suited for collaboration. Some of the more structured operational reporting that takes place in the typical company necessitates the unimpeded flow of raw data in order to feed the organizational workflow. Other areas of a company require more ad-hoc strategic analysis in order for tangible improvement. Best-in-Class companies are applying collaborative techniques to strategic areas of the business at a rate that outstrips all others (Figure 4).

Figure 4: Strategic Areas Driving the Need for Collaboration



Source: Aberdeen Group, February 2009

This figure serves not to point out the specific areas of a company that can most benefit from collaboration as that will vary from case to case. The data simply validates the assertion that Best-in-Class companies are striving to incorporate collaborative ideas into more areas of the company in order to better leverage the knowledge and experience that resides in the minds of its key decision makers.

In the next chapter, we will see what the top performers are doing to achieve the performance improvements described in Chapter One

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Chapter Two:
Benchmarking Requirements for Success

The selection of a BI solution and integration of its functionality with key business systems plays a crucial role in improving operational efficiency. The following case study demonstrates how one organization was able to leverage a collaborative culture to deliver more value to its customers and realize substantial supply chain efficiencies.

Case Study – A National Food Distributor

Distribution Market Advantage (DMA) is a national foodservice distribution system located in the mid-western US. DMA joined forces with prominent regional foodservice distributors to provide foodservice operators with the pricing, distribution and technological advantages of a national organization, and the service priority of a local business. With 85 warehouses across the country DMA serves national food chains such as P.F. Chang's China Bistro, Macaroni Grill, and Chili's.

DMA started its BI strategy by engaging an IT outsourcer to manage its heavy volume of transactional information through a data warehouse. As the volume of data grew, DMA looked for a way to provide more analytical value on that data both internally and externally with its customers and distributor network. "We needed to create a bridge to the information residing in our data warehouse through an analytical tool in order to better understand the massive amounts of transactional data that our system produces," recalls Jim Szatkowski, VP of Data Services at DMA.

After selecting a BI vendor strong in data analytics and with a focus on collaboration, DMA set about gaining visibility into this transactional content. One of the recent initiatives involved understanding the wasted time and cost associated with extra or unplanned deliveries. In collaboration with a customer, DMA created two teams, one to build the exception reports around the extra deliveries and another to analyze and remove those extra deliveries. By working closely with the chain operator and distributors in a pilot, DMA was able to identify one market that was receiving 16 unplanned or extra deliveries per week. Through these collaborative efforts, DMA was able to root cause the problem. The problem was related to an inefficient inventory process resulting in orders being placed close to their cutoff for next day delivery. DMA worked with the customer to resolve the issue. These efforts reduced the number of weekly unplanned deliveries from 16 down to one.

Without an extraordinary amount of effort, DMA leveraged the visibility gained through its analytical tool, combined with its collaborative efforts, to reduce wasted effort and eliminate non-value added costs, just from one customer in one market.

Fast Facts

Best in class companies achieved:

- √ An **18%** year-over-year improvement in supply chain efficiency

Compared to:

- √ A **6%** improvement for the Industry Average
- √ A **5%** improvement for Laggards

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Established set of rules and controls on data access for collaborative participants		
	78%	52%	32%
	Ability to trigger delivery of information to relevant collaborators		
	50%	46%	28%
Organization	Established 'information culture' that promotes collaboration		
	57%	38%	25%
	Cross-functional teams tasked with promoting greater collaboration		
	56%	35%	33%
Knowledge	Ability to automatically find and reuse reports		
	74%	47%	19%
	Ability to access and use analytical tools simultaneously (in real time) with other users		
	69%	35%	25%
Performance	Ability to measure the use and activity of collaborative tools		
	46%	21%	14%
Technology Enablers	Performance reporting dashboards		
	77%	43%	33%
	Data discovery tools		
	46%	29%	18%
	Company portals		
	67%	51%	43%
	Online office automation tools		
	49%	31%	18%
	Email alerts		
	64%	63%	32%

Source: Aberdeen Group, February 2009

Fast Facts

Best in class companies achieved:

√ A **31%** year-over-year improvement in IT resource utilization

Compared to:

√ An **8%** improvement for the Industry Average

√ A **3%** improvement for Laggards

"In terms of customer satisfaction, collaboration is vital to our understanding of what's being said about us and our clients."

~ CEO

Canadian PR Firm

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Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class demonstrates that successful deployment and use of analytical tools along with collaborative methodology depends on a combination of specific capabilities and technology enablers. Aberdeen's research has identified several capabilities that Best-in-Class companies leverage in order to achieve elevated performance.

Process Management

As much value as can be extracted through knowledge sharing and collaboration, a sound construct of process and controls is a powerful way to ensure that data is used the right way, and that sensitive corporate information is not abused. Best-in-Class companies are 2.5-times more likely than Laggards to have an established set of rules and controls on data access for collaborative participants. Having these controls in place not only helps promote more efficient use of available data, but also provides an underpinning of corporate governance to satisfy internal and external mandates. Additionally, in order to sift through the growing morass of data inherent in just about every company, a clear process to ensure the right information reaches the right person is necessary to reduce wasted time and effort. Aberdeen's research shows that Best-in-Class companies are almost twice as likely as Laggards to have the ability to automatically trigger delivery of information to the relevant collaborators (Figure 5).

Organizational Management

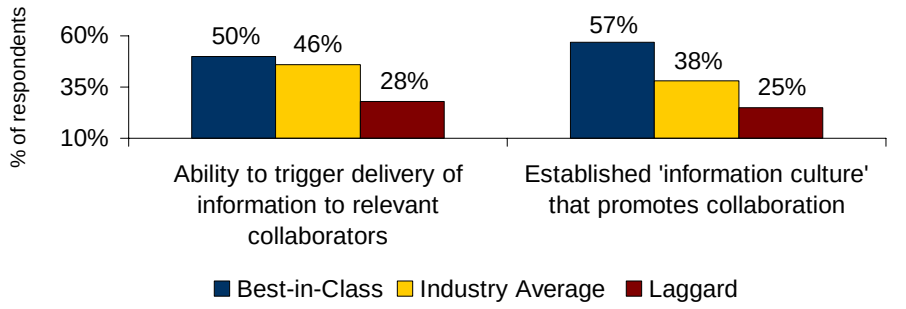
The data in Figure 4 shows that Best-in-Class companies are taking steps to leverage collaborative techniques with more strategic functions within the organization. One of the ways they've been able to achieve this relative level of collaborative ubiquity is to utilize domain specific expertise to help improve the quality of collaboration on a departmental basis. The research shows that Best-in-Class companies are 65% more likely than all others to utilize cross-functional teams tasked with promoting greater collaboration. These teams can offer a multi-disciplinary view of best practices for collaboration and help remove some of the barriers that hinder the process. On a similar note, the concept of organizational culture is somewhat vague and difficult to quantify. However, one thing that comes up repeatedly in end-user conversations is the concept of a data-driven or information culture. Companies well positioned to drive value from BI and analytical solutions are the same ones that have a workforce that values the business visibility provided by clean and relevant information. Research shows that Best-in-Class companies are more than twice as likely as Laggards to report having this type of "information culture" (Figure 5).

Fast Facts

Best-in-Class companies report that they collaborate in the following ways:

- √ Across the organization as a whole - 74%
- √ Within my department / business unit - 61%
- √ Inside my workgroup / team - 47%
- √ With suppliers and / or partners - 32%

Figure 5: Process and Organizational Capabilities



Source: Aberdeen Group, February 2009

Knowledge Management

True collaboration depends on a number of factors, some relating to the overall philosophy of an organization and some focused more specifically on the day-to-day activities. One specific capability around knowledge sharing that has shown to be a factor in Best-in-Class performance is the concept of simultaneous usage. Collaboration can be stifled if the systems in place don't allow for the type of concurrent usage necessary to share key information. Best-in-Class companies are more than twice as likely as all others to have the ability to access and use analytical tools simultaneously (in real time) with other users. This capability enables better efficiency by reducing the time wasted by users being locked out of the system when they need access to key analytical information. Another way that the top performing companies have been able to save time and improve resource utilization is through report reuse. Many data intensive organizations are buried under a mountain of reports that are created daily or more often. Where one report may be relevant only to the CFO, others are vital for an assortment of knowledge workers who need timely access to these reports. Many companies struggle to improve their rate of reuse of these key reports rather than waste time recreating them, wasting precious time and effort. Aberdeen's research shows that Best-in-Class companies are more than three-times more likely than Laggards to have the ability to automatically find and reuse reports (Figure 6.)

Performance Management

In the same way that "culture" is a poorly defined and understood concept, the notion of "collaboration" can also have a wide variety of interpretations. After all, employees emailing spreadsheets back and forth, or two employees simply having a business focused conversation could be considered collaborative in the loosest sense of the word. This research shows that Best-in-Class companies have been able to produce significant improvements in customer service and employee productivity through their use of collaborative techniques. The data also shows that these top performing companies have a much more specific idea of what collaboration means to them. One of the keys to that understanding is the ability to measure how collaboration is taking place and the changes and

Fast Facts

Best-in-Class companies are:

- √ **65% more likely** than Laggards to have a collaborative signoff mechanism tied to key business processes
- √ **77% more likely** than all other companies (Industry Average and Laggards combined) to have the ability to comment within reports that are shared among users

"Our organizational goal is to develop suppliers to have strategic value to their corporate customers. By having collaborative BI capabilities themselves, it becomes the foundation upon which suppliers can differentiate their value to its corporate customers in strategically sourced supply chains."

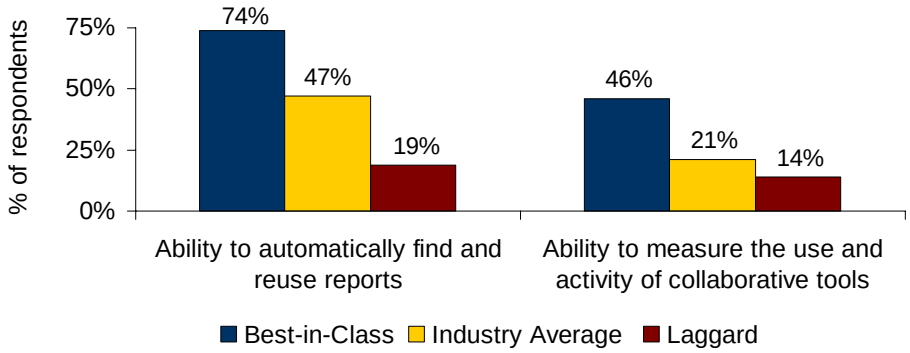
~ David Burton

President & CEO

National Minority Manufacturing Institute

improvements that it generates. Best-in-Class companies are 2.5-times more likely than all others to have the ability to measure the use and activity of collaborative tools (Figure 6).

Figure 6: Knowledge and Performance Management Capabilities



Source: Aberdeen Group, February 2009

Fast Facts

Best-in-Class companies are:

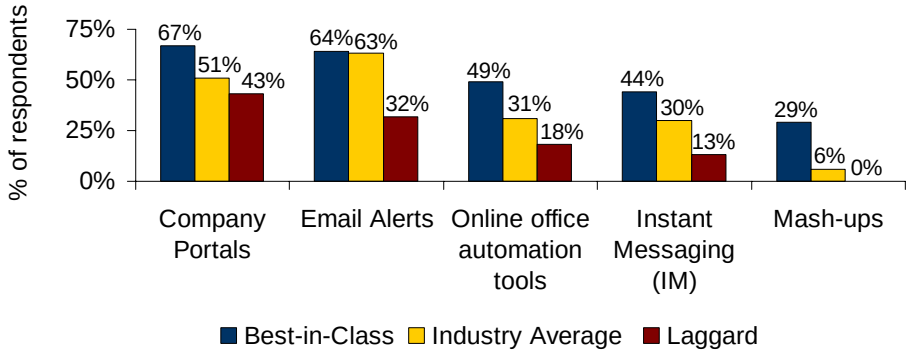
√ **65% more likely** than all other companies to utilize cross-functional teams tasked with promoting collaboration

√ **2.3-times more likely** than the Industry Average to have a formal training program designed to educate users on collaborative practices

Technology Management and Enablement

Merging business intelligence tools with a collaborative methodology is somewhat of an intuitive undertaking but can only be relevant when the right tools are in place. Best-in-Class companies are utilizing certain BI technologies in concert with a fairly wide array of collaborative techniques and tools (Figure 7).

Figure 7: Collaborative Methods in Place



Source: Aberdeen Group, February 2009

On the BI side we see that 77% of Best-in-Class companies are leveraging performance reporting dashboards for better visibility into the specific business drivers that affect performance. Similarly, the research shows that the Best-in-Class are more than twice as likely as all others to utilize data discovery tools in order to maintain cleaner, more relevant, and ultimately more consumable information. When it comes to sharing and distributing that analytical data however, the Best-in-Class are also marrying BI capabilities with a number of collaborative methods. More than half of all

survey respondents have deployed some sort of company portal to help centrally manage and allocate key information that drives decision making, but the research also shows that Best-in-Class companies are 55% more likely than Laggards to use these portals. Additionally, when analytical data and reports are created, the sharing of that information can often be hindered by the simple fact that it resides locally in spreadsheet form on someone's desktop. Utilizing tools to bring that type of functionality to the online world removes that barrier altogether and paves the way for greater collaboration. Best-in-Class companies are 88% more likely than all other companies to use online office automation tools.

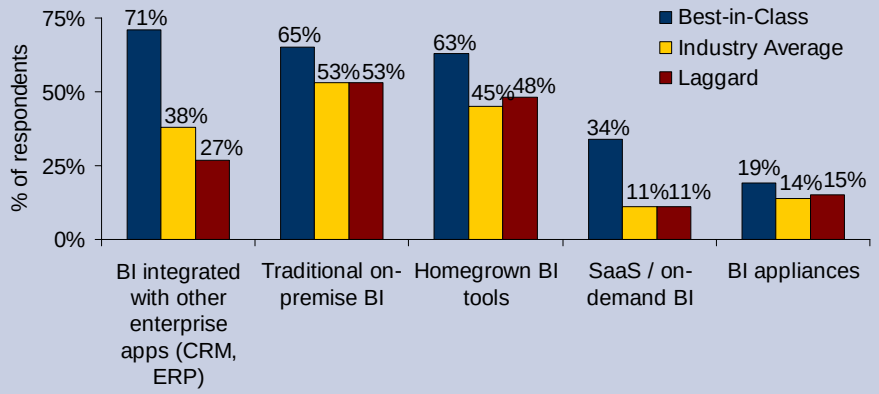
Fast Facts

√ Best-in-Class companies are **2.4-times more likely** than all other companies to use predictive analytics software

Aberdeen Insights — Technology

Aberdeen continuously examines the use and prevalence of several different strategies for BI deployment. While traditional on-premise web server deployment is still the most common type of dedicated BI, other different deployment methods such as Software as a Service (SaaS) have gained steam in adoption (Figure 8).

Figure 8: BI Deployment Strategies in Use



Source: Aberdeen Group, February 2009

While some end-users are looking for analytical capability to be baked into other enterprise applications such as ERP or CRM, others are taking a homegrown approach to leverage the BI expertise that resides in-house.

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Chapter Three: Required Actions

Whether a company is trying to move its performance in BI collaboration from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Make efforts to create an "information culture" that promotes collaboration.** Just about every business tome that touches on organizational behavior espouses the notion that culture is not something that can be changed overnight. Improving organizational culture involves placing the right people in the right roles and allowing for expertise and passion to mold themselves into a competitive environment. From the perspective of business intelligence and collaboration, the people taking ownership of data collection, assembly, and delivery need to be those who recognize the importance of leveraging that information to drive better decisions and improve performance. Companies that have put all the right BI chess pieces in place are seeing measurable performance improvements. Conversely, the data shows that the lowest performing companies, Laggards, are less than half as likely as the Best-in-Class to have established what one might deem an "information culture." By identifying key people in the organization that understand the value of collaboration and analytics, and then placing them in roles where that mindset can be leveraged, Laggard organizations will be better positioned to drive improved collaboration. With a burgeoning collaborative culture in place, these companies will be able to exploit more of the organizational knowledge and experience and react quicker and more efficiently in response to customer service requests.
- **Improve the ability to find and reuse pertinent reports.** The data from this study demonstrates that when used properly, BI collaboration can improve the ability to distribute the right information to the right people at the right time. Part of that equation involves sifting through an often chaotic mess of business reporting to find what is relevant and timely. If sales reports have to be recreated and redistributed at the whim of anyone interested, IT resources are strained, time is wasted, and unnecessary expense is incurred. According to the research, only 19% of Laggard companies have the ability to automatically find and reuse these reports, compared to 73% of the Best-in-Class. Improving this reuse rate will help reduce the quagmire of reports and make the data more relevant to the appropriate stakeholders, ultimately leading to substantial cost and time savings.

Fast Facts

√ Over the past year, Best-in-Class companies experienced **23%** organic revenue growth, compared to **9%** growth for all other companies

√ Best-in-Class companies also experienced a **14%** increase in operating profit, compared to an **8%** increase for all other companies

- **Consider investing in performance reporting dashboards.** Perhaps the most important driver of quality of decision making is the value of the underlying information. When used judiciously, certain technologies can help gain visibility into the Key Performance Indicators (KPIs) that drive the business. Performance reporting dashboards are a tool that delivers these KPIs to decision makers in an efficient, easily consumable format. Aberdeen's research shows that less than one third of Laggards are currently utilizing performance reporting dashboards, compared to 77% of the Best-in-Class. Every decision maker has key questions that need to be answered quickly and clearly. What's the current operating profit margin of product X? What kind of lead times am I dealing with for these three components? Which sales reps are driving the most business? Questions like these are handled efficiently and clearly through the use of performance reporting dashboards.

Industry Average Steps to Success

- **Establish a set of rules and controls on data access for collaborative participants.** Collaboration around analytical information presents numerous opportunities to leverage the pool of knowledge that exists in an organization. However, without any type of control or oversight, collaboration can lead to people tripping over each other to access information, and in some cases can open the door for impropriety with information access. With any type of corporate data, there is a certain ebb and flow that governs how and when people need to access it. At the end of a business cycle for example, sales data will likely be in high demand. There is a clear need for organizations to put in place certain rules around who can access data and when. According to the research, Best-in-Class companies are 50% more likely than the Industry Average to have an established set of rules and controls on data access for collaborative participants. By implementing these procedures, Industry Average companies can keep a tight leash on their collaborative methods and focus efforts on improving communication in order to serve customers better.
- **Deploy analytical tools that can be accessed and used simultaneously with other users.** At the heart of collaborative analytics is the ability to work together to share information and insight to generate better and more relevant information. That process is hindered when the tools being used don't allow for simultaneous (real-time) access. This causes wasted time and poor resource utilization as key decision makers are locked out of a system from which they expect to derive their insight. Aberdeen's research shows that only 31% of Industry Average companies have the ability to access and use their analytical tools simultaneously with other users, compared to 69% of the Best-in-Class. Having this capability will help reduce wasted time and effort, ultimately leading to a higher degree of employee productivity.

Fast Facts

Best-in-Class companies are:

√ **37% more likely** than all other companies to use data warehouse software

√ **2.2-times more likely** than the Industry Average to use operational reporting dashboards

"My experience with companies has been that it is difficult for them to start; it is difficult for companies to know how to reward the behavior; it is difficult for companies to figure out what to do. However, once engaged in a collaborative activity that is productive, the questions, directions, and need for more activity grows exponentially."

~ Camille Schuster

President of Global Collaboration

California State University

- **Investigate the use of online office automation tools.** The research shows that many organizations are simply too reliant on spreadsheets to deliver their analytical value. In fact, 79% of Laggard organizations report that spreadsheets are used extensively or exclusively for analytical purposes. While spreadsheets are typically an integral piece of a BI framework, there are limitations on information sharing that can't be overcome due to the simple fact that this data resides locally on employee hard drives. When deployed online, spreadsheets and other office tools have significant collaborative advantages that derive from the ease of access. The data shows that less than one third of Industry Average companies are using online office applications, making them 58% less likely than the Best-in-Class to leverage these tools. In many cases the use of these online solutions can help eliminate major barriers to collaboration.

Fast Facts

Best-in-Class companies are:

√ **4.8-times more likely** than the industry average to use web feeds / RSS

√ **2.2-times more likely** than Laggards to use mash-ups

Best-in-Class Steps to Success

- **Explore ways to initiate collaborative processes through automated alert reporting**. Due to the level of human interaction involved, collaboration is an intrinsically manual activity. However, that doesn't mean that it cannot be enhanced through automating certain elements of the process. Whenever you rely heavily on human communication, right or wrong, you introduce an element of human error. Emails are missed, reports lay undiscovered on desks, and conversations aren't documented. Whatever the case may be, introducing a system of automated alert reporting can help alleviate some of these human errors by simply taking them out of the equation. According to the research, less than half of Best-in-Class companies report having automated alert reporting capability. By relieving a small part of the manual element of collaboration, this type of alert reporting can improve collaborative efficiency and help Best-in-Class companies maintain and improve their heightened level of employee productivity.
- **Develop a holistic strategy to leverage corporate wikis, blogs, and other collaborative methods.** True BI collaboration is not about having meetings for meetings' sake or developing teamwork with trust falls. An organization that collaborates efficiently is one that has driven analytical capability into more areas of the business, created an atmosphere where expertise flows freely between stakeholders, and has laid the groundwork to enable unobstructed communication to take place. Corporate wikis and blogs have become a powerful means of facilitating that type of information and knowledge transfer. The research shows that only 25% of Best-in-Class companies are currently leveraging these types of collaborative techniques. By developing a holistic strategy for collaboration that encompasses several internet 2.0 applications and methods, in conjunction with a suitable BI strategy, Best-in-Class and all companies will be in a position to better understand their own strengths and weaknesses in order to apply them toward serving their customers more efficiently.

"Balancing inbound projects and available resources is becoming more difficult. In efforts to meet client and business partner deliverables we needed to make better use of time and resources."

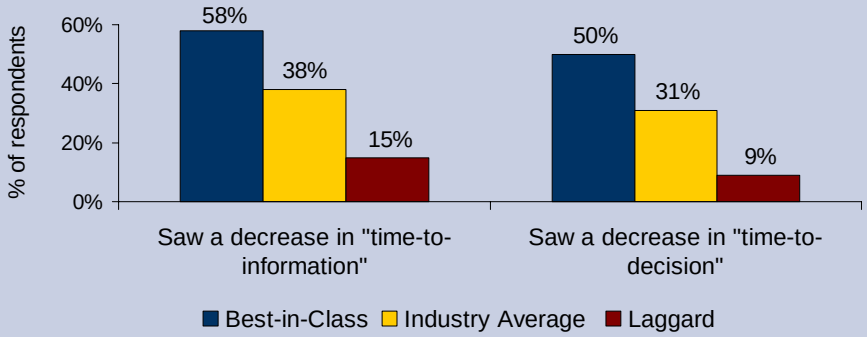
~ IT Director

Large US Insurance Company

Aberdeen Insights — Summary

The essence of business intelligence boils down to a few key questions. How clean and accurate is the information on which I'm basing my most important decisions? How relevant and role specific is that information? And, how quickly after that information is available can I make a confident decision? Through a collaborative BI strategy, Best-in-Class companies have seen improvement across these areas (Figure 9).

Figure 9: The Best-in-Class Get Information and Make Decisions Faster



Source: Aberdeen Group, February 2009

The key to Best-in-Class performance is related to one main theme: pervasiveness. This pervasiveness exists not just in their BI implementation (i.e. more non-technical BI users), but also as a key underpinning of their collaborative strategy. Not only have they enabled more analytical users, but they have also facilitated efficient lines of communication between their key stakeholders in order to promote greater collaboration. By leveraging their organizational maturity and drawing on a portfolio of analytical and collaborative technologies, the Best-in-Class were able to achieve improvement in:

1. Information cleanliness/accuracy
2. Information relevance
3. Information timeliness

By tightening up these three areas, the Best-in-Class were able to establish a leading position when it comes to customer responsiveness, employee productivity, and business process efficiency.

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Appendix A: Research Methodology

Between January and February 2009, Aberdeen examined the use, the experiences, and the intentions of more than 220 enterprises using collaborative BI tools and methodologies in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on collaborative BI strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: operations manager (19%); IT manager or staff (25%); sales and marketing staff (35%); senior management (21%).
- *Industry:* The research sample included respondents from numerous industries. IT consulting was the largest segment with 15% of the sample. Other industries represented include: High-tech / software (10%); manufacturing (10%); financial services (9%); government (7%).
- *Geography:* The majority of respondents (67%) were from North America. Remaining respondents were from the Asia-Pacific region (9%) and EMEA (24%).
- *Company size:* Twenty-seven percent (27%) of respondents were from large enterprises (annual revenues above US $1 billion); 25% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 48% of respondents were from small businesses (annual revenues of $50 million or less).
- *Headcount:* Thirty-eight percent (38%) of respondents were from large enterprises (headcount greater than 1,000 employees); 22% were from midsize enterprises (headcount between 100 and 999 employees); and 40% of respondents were from small businesses (headcount between 1 and 99 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which collaboration plays a part in their BI strategy and the operational implications of the technology
- √ The structure and effectiveness of existing collaborative implementations
- √ Current and planned use of collaboration to aid analytical and operational activities
- √ The benefits, if any, that have been derived from collaborative BI initiatives

The study aimed to identify emerging best practices for collaborative usage in business intelligence, and to provide a framework by which readers could assess their own management capabilities.

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Table 4: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: **Pressures —** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) **Actions —** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy) **Capabilities —** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing) **Enablers —** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, February 2009

Table 5: The Competitive Framework Key

Overview	
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: **Best-in-Class (20%) —** Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. **Industry Average (50%) —** Practices that represent the average or norm, and result in average industry performance. **Laggards (30%) —** Practices that are significantly behind the average of the industry, and result in below average performance.	In the following categories: **Process —** What is the scope of process standardization? What is the efficiency and effectiveness of this process? **Organization —** How is your company currently organized to manage and optimize this particular process? **Knowledge —** What visibility do you have into key data and intelligence required to manage this process? **Technology —** What level of automation have you used to support this process? How is this automation integrated and aligned? **Performance —** What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, February 2009

Table 6: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, February 2009

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Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *The Intelligent Life Sciences and Healthcare Supply Chain*; January 2009
- *Mobile Business Intelligence: A Path to Pervasive BI?*; December 2008
- *Increasing Retail Productivity: Enterprise-Wide Business Intelligence*; November 2008
- *Business Intelligence for the Small to Medium Sized Business (SMB)*; October 2008
- *One Version of the Truth 2.0: Are Your Decisions Based on Reality?*; September 2008
- *Operational KPIs and Performance Management;* August 2008
- *Business Intelligence Deployment Strategies;* April 2008
- *Data Management for Business Intelligence;* March 2008
- *Managing the TCO of Business Intelligence;* February 2008
- *Operational BI: Getting Real Time About Performance;* December 2007

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

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